



## **IMPORTER SELF-ASSESSMENT FREQUENTLY ASKED QUESTIONS**

### **1. What is Importer Self-Assessment?**

- Importer Self-Assessment (ISA) is a partnership between Customs and importers to improve trade compliance.
- ISA is a voluntary approach to trade compliance that allows importers maximum control of their own Customs compliance.
- ISA recognizes importers who are willing to assume responsibilities for self-assessment in exchange for less Customs oversight.
- ISA is built on knowledge, trust and willingness to maintain an ongoing Customs/company relationship.

### **2. What does participation in ISA require?**

In order to participate in the ISA program, an importer must:

- Become a member with full benefits of the Customs-Trade Partnership against Terrorism (C-TPAT);
- Complete an ISA Memorandum of Understanding (MOU) and an ISA Questionnaire;
- Agree to comply with all applicable Customs laws and regulations;
- Maintain a system of business records that demonstrates the accuracy of Customs transactions;
  - ✓ Establish, document, and implement internal controls;
  - ✓ Perform periodic testing of the system based on risk;
  - ✓ Maintain results of testing for five years and make test information available to Customs on request;
  - ✓ Make appropriate adjustments to internal controls;
  - ✓ Maintain an audit trail from financial records to Customs declarations
- Inform Customs through appropriate disclosures of material errors identified through company reviews;
- Submit an annual written notification to Customs to confirm the identity of the company ISA contact, and confirm the importer continues to meet the requirements of the ISA program as specifically listed here and in the MOU.

The Account may meet the requirements of the ISA program by using internal resources or using an objective third party exercising due diligence and reasonable care.

### **3. What are the benefits of participation in ISA?**

The program offers meaningful benefits that can be tailored to industry needs. An Account in the ISA program will receive the following benefits:

- Consultation, guidance, and training by Customs as requested (for compliance assistance, risk assessments, internal controls, Customs audit trails, data analysis support, etc.);
- Opportunity to apply for coverage of multiple business units;
- Removal from audit pools established for comprehensive audits, including Focused Assessments, Drawbacks and Foreign Trade Zones. (Accounts may be subject to onsite examinations for specific reasons but will not be subject to comprehensive assessments of all Customs operations);
- Hotline to OST/RAD key liaison officials;
- The Account will be entitled to receive entry summary trade data, including analysis support, from Customs;
- With respect to an importer's right to make a prior disclosure pursuant to 19 U.S.C. 1592(c) or 1593a(c) and 19 CFR 162.74 when the importer becomes aware of facts that may represent a violation of 19 U.S.C. 1592 or 1593a, an ISA participant may utilize the following process: Unless, during Customs assistance, consultation or training with an ISA participant, Customs becomes aware of errors in which there is an indication of a fraudulent violation of 19 U.S.C. 1592 or 1593a, Customs will provide a written notice to the participant of such errors and allow 30 days from the date of the notification for the participant to assess and, if determined necessary to file a prior disclosure pursuant to 19 CFR 162.74. This benefit does not apply if the matter is already the subject of an on-going Customs investigation.
- In the event that civil penalties or liquidated damages are assessed against an importer, the importer's participation in ISA will be considered in the disposition of the case.
- Access to a Customs consulting team consisting of an Account Manager, auditor and trade analyst assigned to service ISA Accounts.
- Greater business certainty;
  - ✓ Account experiences less Customs intrusion. The account will not be subject to comprehensive audits such as Focused Assessments.
  - ✓ Based on Customs experience, Customs information is more accurate and reliable eliminating the need for filing many adjusting entries to correct entry information and reducing related internal and external costs.
  - ✓ Based on Customs experience, Customs operations are more compliant. A higher level of compliance will eliminate or minimize the pressure of unexpected emergencies related to Customs operations.

- ✓ Account has the ability to correct Customs errors when they occur as a result of administrative errors, negligence or gross negligence through prior disclosures or Customs post entry procedures without fear of unexpected penalties.
- Additional benefits tailored to industry needs (by mutual agreement).

#### **4. Who is eligible for ISA?**

- To be eligible for ISA, an importer must be a member with full benefits of the Customs-Trade Partnership against Terrorism (C-TPAT), must be a resident importer in the U.S., and must have two years of importing experience previous to the date the importer applies to the program.

#### **5. How does an importer apply?**

- An importer may apply by completing an ISA Memorandum of Understanding and an ISA Questionnaire. Both documents are available on the Customs website at (<http://www.customs.gov/imp-exp1/comply/isa.htm>).
- Complete application instructions and an explanation of application processing is available on the website.

#### **6. Will Regulatory Audit conduct an on-site review during the application process?**

- Customs will conduct a risk assessment of the importer to determine the review necessary.
- If Customs has adequate knowledge of the company and their internal control processes, an on-site review will not be necessary.
- If Customs does not have adequate knowledge of the company, a Regulatory Auditor and Account Manager may meet with the company for an on-site consultation to discuss and review the company's internal controls.
- The consultation will be to determine if the applicant is ready to assume responsibilities of self-assessment and to provide assistance and training as appropriate.
- The consultation will not involve substantive testing or an audit. It will be a collaborative effort.

#### **7. When will benefits begin?**

- Benefits will begin once Customs has completed an evaluation of the importer's ISA application package and notified the importer of our findings. Customs plans to complete their review within 90 days after the application is received in Regulatory Audit.

## 8. How will the partnership work on an ongoing basis?

- This will be a self-assessment process by the importer, not a monitoring process by Customs.
- The importer must submit an annual written notification to Customs to confirm the identity of the company ISA contact, and confirm the importer continues to meet the requirements of the ISA program as specifically listed here and in the MOU.
- Through the annual notification, the Account agrees to:
  - ✓ Comply with all applicable Customs laws and regulations;
  - ✓ Maintain a system of business (including records, procedures and policies) that demonstrates the accuracy of Customs transactions as described in the ISA Handbook. Specific requirements include:
    - Maintaining internal controls appropriate to provide reasonable assurance of Customs compliance, including components of internal control.
    - Performing some periodic testing (designed by the importer) based on risk at least annually;
    - Maintaining results of testing for five years and providing test results to Customs on request.
    - Making appropriate adjustments to internal controls when needs for improvements are identified.
    - Maintaining an audit trail from financial records to Customs declarations;
  - ✓ Make appropriate disclosures to Customs; and
  - ✓ Continue to submit an annual written notification to Customs to confirm the identity of the company ISA contact, and confirm the importer continues to meet the requirements of the ISA program as specifically listed here and in the MOU.
- In general, ISA participants will not be subject to any routine or periodic on-site reviews or audits, other than consultations with Customs account managers and auditors for training, support, and compliance improvement purposes.
- ISA participants will not be subject to comprehensive audits including Focused Assessment, Drawbacks, and Foreign Trade Zone Audits.
- ISA participants may be subject to an audit or on-site review of a specific issue related to an identified trade compliance risk. In such instances, customs and the company will work together to determine a mutually acceptable course of action wherever possible.